

1 THE HONORABLE RICHARD A. JONES  
2  
3  
4  
5

6  
7  
8  
9  
10 UNITED STATES DISTRICT COURT  
11 WESTERN DISTRICT OF WASHINGTON  
12 AT SEATTLE  
13  
14

15 UNITED STATES OF AMERICA,  
16

17 Plaintiff,

18 No. CR 09-402 RAJ  
19

20 v.  
21

22 CHRISTOPHER DICUGNO,  
23

24 Defendant.  
25

26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92  
93  
94  
95  
96  
97  
98  
99  
100  
101  
102  
103  
104  
105  
106  
107  
108  
109  
110  
111  
112  
113  
114  
115  
116  
117  
118  
119  
120  
121  
122  
123  
124  
125  
126  
127  
128  
129  
130  
131  
132  
133  
134  
135  
136  
137  
138  
139  
140  
141  
142  
143  
144  
145  
146  
147  
148  
149  
150  
151  
152  
153  
154  
155  
156  
157  
158  
159  
160  
161  
162  
163  
164  
165  
166  
167  
168  
169  
170  
171  
172  
173  
174  
175  
176  
177  
178  
179  
180  
181  
182  
183  
184  
185  
186  
187  
188  
189  
190  
191  
192  
193  
194  
195  
196  
197  
198  
199  
200  
201  
202  
203  
204  
205  
206  
207  
208  
209  
210  
211  
212  
213  
214  
215  
216  
217  
218  
219  
220  
221  
222  
223  
224  
225  
226  
227  
228  
229  
230  
231  
232  
233  
234  
235  
236  
237  
238  
239  
240  
241  
242  
243  
244  
245  
246  
247  
248  
249  
250  
251  
252  
253  
254  
255  
256  
257  
258  
259  
260  
261  
262  
263  
264  
265  
266  
267  
268  
269  
270  
271  
272  
273  
274  
275  
276  
277  
278  
279  
280  
281  
282  
283  
284  
285  
286  
287  
288  
289  
290  
291  
292  
293  
294  
295  
296  
297  
298  
299  
300  
301  
302  
303  
304  
305  
306  
307  
308  
309  
310  
311  
312  
313  
314  
315  
316  
317  
318  
319  
320  
321  
322  
323  
324  
325  
326  
327  
328  
329  
330  
331  
332  
333  
334  
335  
336  
337  
338  
339  
340  
341  
342  
343  
344  
345  
346  
347  
348  
349  
350  
351  
352  
353  
354  
355  
356  
357  
358  
359  
360  
361  
362  
363  
364  
365  
366  
367  
368  
369  
370  
371  
372  
373  
374  
375  
376  
377  
378  
379  
380  
381  
382  
383  
384  
385  
386  
387  
388  
389  
390  
391  
392  
393  
394  
395  
396  
397  
398  
399  
400  
401  
402  
403  
404  
405  
406  
407  
408  
409  
410  
411  
412  
413  
414  
415  
416  
417  
418  
419  
420  
421  
422  
423  
424  
425  
426  
427  
428  
429  
430  
431  
432  
433  
434  
435  
436  
437  
438  
439  
440  
441  
442  
443  
444  
445  
446  
447  
448  
449  
450  
451  
452  
453  
454  
455  
456  
457  
458  
459  
460  
461  
462  
463  
464  
465  
466  
467  
468  
469  
470  
471  
472  
473  
474  
475  
476  
477  
478  
479  
480  
481  
482  
483  
484  
485  
486  
487  
488  
489  
490  
491  
492  
493  
494  
495  
496  
497  
498  
499  
500  
501  
502  
503  
504  
505  
506  
507  
508  
509  
510  
511  
512  
513  
514  
515  
516  
517  
518  
519  
520  
521  
522  
523  
524  
525  
526  
527  
528  
529  
530  
531  
532  
533  
534  
535  
536  
537  
538  
539  
540  
541  
542  
543  
544  
545  
546  
547  
548  
549  
550  
551  
552  
553  
554  
555  
556  
557  
558  
559  
559  
560  
561  
562  
563  
564  
565  
566  
567  
568  
569  
570  
571  
572  
573  
574  
575  
576  
577  
578  
579  
580  
581  
582  
583  
584  
585  
586  
587  
588  
589  
589  
590  
591  
592  
593  
594  
595  
596  
597  
598  
599  
599  
600  
601  
602  
603  
604  
605  
606  
607  
608  
609  
609  
610  
611  
612  
613  
614  
615  
616  
617  
618  
619  
619  
620  
621  
622  
623  
624  
625  
626  
627  
628  
629  
629  
630  
631  
632  
633  
634  
635  
636  
637  
638  
639  
639  
640  
641  
642  
643  
644  
645  
646  
647  
648  
649  
649  
650  
651  
652  
653  
654  
655  
656  
657  
658  
659  
659  
660  
661  
662  
663  
664  
665  
666  
667  
668  
669  
669  
670  
671  
672  
673  
674  
675  
676  
677  
678  
679  
679  
680  
681  
682  
683  
684  
685  
686  
687  
688  
689  
689  
690  
691  
692  
693  
694  
695  
696  
697  
698  
699  
699  
700  
701  
702  
703  
704  
705  
706  
707  
708  
709  
709  
710  
711  
712  
713  
714  
715  
716  
717  
718  
719  
719  
720  
721  
722  
723  
724  
725  
726  
727  
728  
729  
729  
730  
731  
732  
733  
734  
735  
736  
737  
738  
739  
739  
740  
741  
742  
743  
744  
745  
746  
747  
748  
749  
749  
750  
751  
752  
753  
754  
755  
756  
757  
758  
759  
759  
760  
761  
762  
763  
764  
765  
766  
767  
768  
769  
769  
770  
771  
772  
773  
774  
775  
776  
777  
778  
779  
779  
780  
781  
782  
783  
784  
785  
786  
787  
788  
789  
789  
790  
791  
792  
793  
794  
795  
796  
797  
798  
799  
799  
800  
801  
802  
803  
804  
805  
806  
807  
808  
809  
809  
810  
811  
812  
813  
814  
815  
816  
817  
818  
819  
819  
820  
821  
822  
823  
824  
825  
826  
827  
828  
829  
829  
830  
831  
832  
833  
834  
835  
836  
837  
838  
839  
839  
840  
841  
842  
843  
844  
845  
846  
847  
848  
849  
849  
850  
851  
852  
853  
854  
855  
856  
857  
858  
859  
859  
860  
861  
862  
863  
864  
865  
866  
867  
868  
869  
869  
870  
871  
872  
873  
874  
875  
876  
877  
878  
879  
879  
880  
881  
882  
883  
884  
885  
886  
887  
888  
889  
889  
890  
891  
892  
893  
894  
895  
896  
897  
898  
899  
899  
900  
901  
902  
903  
904  
905  
906  
907  
908  
909  
909  
910  
911  
912  
913  
914  
915  
916  
917  
918  
919  
919  
920  
921  
922  
923  
924  
925  
926  
927  
928  
929  
929  
930  
931  
932  
933  
934  
935  
936  
937  
938  
939  
939  
940  
941  
942  
943  
944  
945  
946  
947  
948  
949  
949  
950  
951  
952  
953  
954  
955  
956  
957  
958  
959  
959  
960  
961  
962  
963  
964  
965  
966  
967  
968  
969  
969  
970  
971  
972  
973  
974  
975  
976  
977  
978  
979  
979  
980  
981  
982  
983  
984  
985  
986  
987  
988  
989  
989  
990  
991  
992  
993  
994  
995  
996  
997  
998  
999  
1000  
1001  
1002  
1003  
1004  
1005  
1006  
1007  
1008  
1009  
1009  
1010  
1011  
1012  
1013  
1014  
1015  
1016  
1017  
1018  
1019  
1019  
1020  
1021  
1022  
1023  
1024  
1025  
1026  
1027  
1028  
1029  
1029  
1030  
1031  
1032  
1033  
1034  
1035  
1036  
1037  
1038  
1039  
1039  
1040  
1041  
1042  
1043  
1044  
1045  
1046  
1047  
1048  
1049  
1049  
1050  
1051  
1052  
1053  
1054  
1055  
1056  
1057  
1058  
1059  
1059  
1060  
1061  
1062  
1063  
1064  
1065  
1066  
1067  
1068  
1069  
1069  
1070  
1071  
1072  
1073  
1074  
1075  
1076  
1077  
1078  
1079  
1079  
1080  
1081  
1082  
1083  
1084  
1085  
1086  
1087  
1088  
1089  
1089  
1090  
1091  
1092  
1093  
1094  
1095  
1096  
1097  
1098  
1099  
1099  
1100  
1101  
1102  
1103  
1104  
1105  
1106  
1107  
1108  
1109  
1109  
1110  
1111  
1112  
1113  
1114  
1115  
1116  
1117  
1118  
1119  
1119  
1120  
1121  
1122  
1123  
1124  
1125  
1126  
1127  
1128  
1129  
1129  
1130  
1131  
1132  
1133  
1134  
1135  
1136  
1137  
1138  
1139  
1139  
1140  
1141  
1142  
1143  
1144  
1145  
1146  
1147  
1148  
1149  
1149  
1150  
1151  
1152  
1153  
1154  
1155  
1156  
1157  
1158  
1159  
1159  
1160  
1161  
1162  
1163  
1164  
1165  
1166  
1167  
1168  
1169  
1169  
1170  
1171  
1172  
1173  
1174  
1175  
1176  
1177  
1178  
1179  
1179  
1180  
1181  
1182  
1183  
1184  
1185  
1186  
1187  
1188  
1189  
1189  
1190  
1191  
1192  
1193  
1194  
1195  
1196  
1197  
1198  
1199  
1199  
1200  
1201  
1202  
1203  
1204  
1205  
1206  
1207  
1208  
1209  
1209  
1210  
1211  
1212  
1213  
1214  
1215  
1216  
1217  
1218  
1219  
1219  
1220  
1221  
1222  
1223  
1224  
1225  
1226  
1227  
1228  
1229  
1229  
1230  
1231  
1232  
1233  
1234  
1235  
1236  
1237  
1238  
1239  
1239  
1240  
1241  
1242  
1243  
1244  
1245  
1246  
1247  
1248  
1249  
1249  
1250  
1251  
1252  
1253  
1254  
1255  
1256  
1257  
1258  
1259  
1259  
1260  
1261  
1262  
1263  
1264  
1265  
1266  
1267  
1268  
1269  
1269  
1270  
1271  
1272  
1273  
1274  
1275  
1276  
1277  
1278  
1279  
1279  
1280  
1281  
1282  
1283  
1284  
1285  
1286  
1287  
1288  
1289  
1289  
1290  
1291  
1292  
1293  
1294  
1295  
1296  
1297  
1298  
1299  
1299  
1300  
1301  
1302  
1303  
1304  
1305  
1306  
1307  
1308  
1309  
1309  
1310  
1311  
1312  
1313  
1314  
1315  
1316  
1317  
1318  
1319  
1319  
1320  
1321  
1322  
1323  
1324  
1325  
1326  
1327  
1328  
1329  
1329  
1330  
1331  
1332  
1333  
1334  
1335  
1336  
1337  
1338  
1339  
1339  
1340  
1341  
1342  
1343  
1344  
1345  
1346  
1347  
1348  
1349  
1349  
1350  
1351  
1352  
1353  
1354  
1355  
1356  
1357  
1358  
1359  
1359  
1360  
1361  
1362  
1363  
1364  
1365  
1366  
1367  
1368  
1369  
1369  
1370  
1371  
1372  
1373  
1374  
1375  
1376  
1377  
1378  
1379  
1379  
1380  
1381  
1382  
1383  
1384  
1385  
1386  
1387  
1388  
1389  
1389  
1390  
1391  
1392  
1393  
1394  
1395  
1396  
1397  
1398  
1399  
1399  
1400  
1401  
1402  
1403  
1404  
1405  
1406  
1407  
1408  
1409  
1409  
1410  
1411  
1412  
1413  
1414  
1415  
1416  
1417  
1418  
1419  
1419  
1420  
1421  
1422  
1423  
1424  
1425  
1426  
1427  
1428  
1429  
1429  
1430  
1431  
1432  
1433  
1434  
1435  
1436  
1437  
1438  
1439  
1439  
1440  
1441  
1442  
1443  
1444  
1445  
1446  
1447  
1448  
1449  
1449  
1450  
1451  
1452  
1453  
1454  
1455  
1456  
1457  
1458  
1459  
1459  
1460  
1461  
1462  
1463  
1464  
1465  
1466  
1467  
1468  
1469  
1469  
1470  
1471  
1472  
1473  
1474  
1475  
1476  
1477  
1478  
1479  
1479  
1480  
1481  
1482  
1483  
1484  
1485  
1486  
1487  
1488  
1489  
1489  
1490  
1491  
1492  
1493  
1494  
1495  
1496  
1497  
1498  
1499  
1499  
1500  
1501  
1502  
1503  
1504  
1505  
1506  
1507  
1508  
1509  
1509  
1510  
1511  
1512  
1513  
1514  
1515  
1516  
1517  
1518  
1519  
1519  
1520  
1521  
1522  
1523  
1524  
1525  
1526  
1527  
1528  
1529  
1529  
1530  
1531  
1532  
1533  
1534  
1535  
1536  
1537  
1538  
1539  
1539  
1540  
1541  
1542  
1543  
1544  
1545  
1546  
1547  
1548  
1549  
1549  
1550  
1551  
1552  
1553  
1554  
1555  
1556  
1557  
1558  
1559  
1559  
1560  
1561  
1562  
1563  
1564  
1565  
1566  
1567  
1568  
1569  
1569  
1570  
1571  
1572  
1573  
1574  
1575  
1576  
1577  
1578  
1579  
1579  
1580  
1581  
1582  
1583  
1584  
1585  
1586  
1587  
1588  
1589  
1589  
1590  
1591  
1592  
1593  
1594  
1595  
1596  
1597  
1598  
1599  
1599  
1600  
1601  
1602  
1603  
1604  
1605  
1606  
1607  
1608  
1609  
1609  
1610  
1611  
1612  
1613  
1614  
1615  
1616  
1617  
1618  
1619  
1619  
1620  
1621  
1622  
1623  
1624  
1625  
1626  
1627  
1628  
1629  
1629  
1630  
1631  
1632  
1633  
1634  
1635  
1636  
1637  
1638  
1639  
1639  
1640  
1641  
1642  
1643  
1644  
1645  
1646  
1647  
1648  
1649  
1649  
1650  
1651  
1652  
1653  
1654  
1655  
1656  
1657  
1658  
1659  
1659  
1660  
1661  
1662  
1663  
1664  
1665  
1666  
1667  
1668  
1669  
1669  
1670  
1671  
1672  
1673  
1674  
1675  
1676  
1677  
1678  
1679  
1679  
1680  
1681  
1682  
1683  
1684  
1685  
1686  
1687  
1688  
1689  
1689  
1690  
1691  
1692  
1693  
1694  
1695  
1696  
1697  
1698  
1699  
1699  
1700  
1701  
1702  
1703  
1704  
1705  
1706  
1707  
1708  
1709  
1709  
1710  
1711  
1712  
1713  
1714  
1715  
1716  
1717  
1718  
1719  
1719  
1720  
1721  
1722  
1723  
1724  
1725  
1726  
1727  
1728  
1729  
1729  
1730  
1731  
1732  
1733  
1734  
1735  
1736  
1737  
1738  
1739  
1739  
1740  
1741  
1742  
1743  
1744  
1745  
1746  
1747  
1748  
1749  
1749  
1750  
1751  
1752  
1753  
1754  
1755  
1756  
1757  
1758  
1759  
1759  
1760  
1761  
1762  
1763  
1764  
1765  
1766  
1767  
1768  
1769  
1769  
1770  
1771  
1772  
1773  
1774  
1775  
1776  
1777  
1778  
1779  
1779  
1780  
1781  
1782  
1783  
1784  
1785  
1786  
1787  
1788  
1789  
1789  
1790  
1791  
1792  
1793  
1794  
1795  
1796  
1797  
1798  
1799  
1799  
1800  
1801  
1802  
1803  
1804  
1805  
1806  
1807  
1808  
1809  
1809  
1810  
1811  
1812  
1813  
1814  
1815  
1816  
1817  
1818  
1819  
1819  
1820  
1821  
1822  
1823  
1824  
1825  
1826  
1827  
1828  
1829  
1829  
1830  
1831  
1832  
1833  
1834  
1835  
1836  
1837  
1838  
1839  
1839  
1840  
1841  
1842  
1843  
1844  
1845  
1846  
1847  
1848  
1849  
1849  
1850  
1851  
1852  
1853  
1854  
1855  
1856  
1857  
1858  
1859  
1859  
1860  
1861  
1862  
1863  
1864  
1865  
1866  
1867  
1868  
1869  
1869  
1870  
1871  
1872  
1873  
1874  
1875  
1876  
1877  
1878  
1879  
1879  
1880  
1881  
1882  
1883  
1884  
1885  
1886  
1887  
1888  
1889  
1889  
1890  
1891  
18

financial institutions have been victimized and do not provide a basis for determining loss. We will go through the five properties to give the Court our thoughts and calculations.

(a) **170th Avenue Northeast, Woodinville.** Government's stated loss—\$192,000. This property was purchased by Suzan Styler on January 10, 2007 for \$650,000. The property went into foreclosure and was sold on November 28, 2007 by Northwest Trustee Services to Deutsche Bank “at public auction to said Grantee, the highest bidder therefore, for the sum of \$553,500 by the satisfaction in full of the obligation then secured by the Deed of Trust, together with all fees, costs and expenses...”. See Paragraph 10 of attached Trustee's Deed, Exhibit 1. The obligation secured is stated in Paragraph 2 of the Deed as \$520,000. Undersigned counsel is no expert in interpreting these documents, but they seem to indicate to us that either there was no loss incurred on this residence by the original secured party, IndyMac, or the loss was limited to the difference between Styler's purchase price of \$650,000 and the \$553,500 paid by Deutsche Bank, which works out to \$96,500. Deutsche Bank later sold the residence on the open market for \$458,000, but the loss on that sale does not appear to have anything to do with the fraud.

In addition, on November 11, 2010, the Los Angeles Times reported that four executives of the defunct IndyMac Bank are being sued by the FDIC for \$300 Million based on loans granted that were unlikely to be repaid. Is IndyMac a victim or a co-conspirator in the fraud committed in connection with this property?

LAW OFFICES OF  
**STEWART P. RILEY**  
800 FIFTH AVENUE • SUITE 4000  
SEATTLE, WASHINGTON 98104  
T (206) 622-0925 • F (206) 292-9736

(b) **South 243rd Street, Kent.** Government's estimate of loss—\$75,000. Of the five properties involved, this one may be unique we believe in that Countrywide Subprime, which bought the loan from Pierce Commercial Bank, was part of and privy to the fraud involved in this case. One of Countrywide's employees, April Janus, was the underwriter and had an office located at PC Bank Home Loans, where Mr. Dicugno worked. We realize that Ms. McLuen is probably not aware of this fact, but Ms. Janus was fully aware that fraud was going on in connection with this particular property and in connection with many of the loans done by PC Bank Home Loans by a number of different loan officers there. Her involvement in the fraud should be confirmed by the United States Attorney's Office. For this reason, no loss in connection with this property should be attributed to Mr. Dicugno for the purposes of either the guideline calculations or restitution. See *U.S. v. Lazarenko*, No. 08-10185 (9th Cir., Opinion filed November 3, 2010) relating to restitution.

(c) **Northeast 70th Street, Kirkland.** Government's stated loss—\$265,000. The Government provided us with two Real Estate Excise Tax Affidavits in connection with this property, so we really don't have sufficient information to determine the accuracy of the indicated loss figure.

(d) **North 88th Street, Seattle.** Government's stated loss—\$312,000.

Again, we have not been provided with sufficient information to determine the accuracy of the stated loss figure.

(e) **167th Street Court East, Puyallup.** Government's stated loss—

\$318,867. Again, we have not been provided with sufficient information to determine the accuracy of the stated loss figure.

4 The bottom line is that, based on our review of documents in our possession and  
5 documents provided to us by the Government, the amount of loss is less than the threshold of  
6 \$1,000,000 for a sixteen-level upward adjustment. Though the Government appears to not  
7 have the documentation necessary to prove a loss over \$1,000,000 and may not even have the  
8 documentation necessary to prove a loss over \$400,000, we concede that the loss would fall  
9 somewhere between \$400,000 and \$1,000,000 for guideline purposes. Therefore, the upward  
10 adjustment for loss should be fourteen levels.

### Minor Role

12 Our only other real objection to the Probation Officer's Presentence Report is to the fact  
13 that they did not give Mr. Dicugno a two-point downward adjustment for his minor role in the  
14 conspiracy. Having heard Mr. Dicugno's testimony in the trial of Mr. Ashmore, the Court is in  
15 a particularly good position to assess whether or not Mr. Dicugno's role was minor. The only  
16 financial gain for him was his commissions for writing loans which he shared with PC Bank  
17 Home Loans—sixty percent to Mr. Dicugno and forty percent to PC Bank Home Loans. He  
18 was not involved in the origination of the scheme. The Government has already conceded to  
19 me on several occasions that Mr. Dicugno was the least culpable of all four participants in the  
20 conspiracy. Clearly, he was substantially less culpable than Mr. Ashmore and less culpable  
21 than Mr. Reimer and Mr. Nguyen. For these reasons, Mr. Dicugno should be given a two-point  
22 downward adjustment for his minor role in the offense.

LAW OFFICES OF  
**STEWART P. RILEY**  
800 FIFTH AVENUE • SUITE 4000  
SEATTLE, WASHINGTON 98104  
(206) 622-0925 • F (206) 292-9736

If the Court determines the loss amount to fall between \$400,000 and \$1,000,000 and gives Mr. Dicugno a minor role adjustment, his guideline range would be 21 to 27 months, given Criminal History Category I.

II

## **RECOMENDATION OF DEFENDANT**

It is our recommendation that the Court depart from the guideline range for the following reasons and that the defendant be given a sentence of six months on electronic home monitoring and required to put in five hundred hours of community service.

III

## **DEFENDANT'S COOPERATION TO DATE**

Mr. Dicugno's cooperation has taken the following forms:

1. Interview of him by the Government on January 25, 2008 when he was represented by civil counsel without a proffer agreement.

2. Proffer for over three and a half hours with Assistant United States Attorney Lombardi and FBI Agent Joe Quinn on March 4, 2008.

3. Letter dated March 12, 2008 by undersigned counsel to Mr. Lombardi providing more information from Mr. Dicugno relevant to the investigation.

4. Letter dated May 13, 2008 by undersigned counsel to Mr. Lombardi providing further information and documents from Mr. Dicugno relevant to the investigation.

DEFENDANT DICUGNO'S PRESENTENCE  
MEMORANDUM  
PAGE 5

LAW OFFICES OF  
**STEWART P. RILEY**  
800 FIFTH AVENUE • SUITE 4000  
SEATTLE, WASHINGTON 98104  
T (206) 622-0925 • F (206) 292-9736

1           5. Proffer with Mr. Lombardi, Agent Quinn, and Assistant United  
2           States Attorney Nicholas W. Brown on July 1, 2008 for approximately three  
3           hours.

4           6. Proffer with Assistant United States Attorney Brian Werner, out of  
5           the Tacoma office, Ben Williamson (FBI), and Sylvia Reyes (IRS) on February 9,  
6           2010 for over three hours.

7           7. Letter dated February 7, 2010 by undersigned counsel to Mr.  
8           Werner providing further information from Mr. Dicugno relevant to the  
9           investigation of Pierce Commercial Bank employees in Tacoma.

10          8. Proffer with Brian Werner, Agent Williamson, and Agent Reyes  
11          on August 2, 2010 for approximately two hours.

12          9. On September 15 and 16, 2010, Mr. Dicugno testified for  
13          approximately two hours as a witness for the government in the trial of co-  
14          defendant Mark Ashmore before Your Honor. Mr. Dicugno had met with the  
15          Government twice prior to trial in connection with preparing him to be a witness.  
16          Mr. Ashmore was convicted in part because of Mr. Dicugno's forthright  
17          testimony in that trial. Assistant United States Attorney Brown advised  
18          undersigned counsel verbally on September 16, 2010 that Mr. Dicugno "did a  
19          great job" and was a "better witness than expected".

20           **IV**

21           **DEFENDANT'S CONTINUING COOPERATION**

1           As indicated above, Mr. Dicugno has been cooperating substantially with Assistant  
2 United States Attorney Werner in the Tacoma office in connection with the investigation of  
3 officers and employees of Pierce Commercial Bank and or its residential lending division, PC  
4 Bank Home Loans. This investigation grew out of Mr. Dicugno's three interviews by the  
5 Government in connection with the Ashmore conspiracy. In addition to providing background  
6 information and laying out for the Government clear back in 2008 how three of his superiors  
7 were engaging in widespread mortgage fraud, Mr. Dicugno has been able to provide the names  
8 of others at the bank and elsewhere who would corroborate the information initially provided  
9 by him. He has agreed to continue this cooperation and testify against his superiors and anyone  
10 else who engaged in mortgage fraud at the bank or in association with those at the bank. In a  
11 Complaint for Forfeiture In Rem of \$102,000 in cash filed in United States District Court at  
12 Tacoma dated July 30, 2010, the Government has alleged that a Senior Vice President of PC  
13 Bank Home Loans was the originating loan officer from 2005 until July 2008 on approximately  
14 5,253 loans, totaling more than \$990 Million. According to the Complaint, "based on  
15 interviews and a review of financial records, the investigation has revealed that over fifty  
16 percent of these transactions were fraudulent". According to the Complaint, the investigation  
17 revealed that the Senior Vice President and two other principals (Mr. Dicugno's three  
18 superiors) at PC Bank Home Loans "had devised a scheme involving originating, processing  
19 and/or brokering mortgage applications with materially false representations to induce financial  
20 institutions to fund and/or purchase loans". This should give the Court some idea of the quality  
21 of the information that Mr. Dicugno provided the Government between 2008 and the present.  
22

These three superiors set the tone for all of the other loan officers at the bank, including Mr. Dicugno. They relied to their detriment on these three superiors. The tone at the bank set by these three superiors was to do what it took to make the loan, even if that included “falsifying borrowers’ income, forging or doctoring supporting documents” according to the Complaint.

V

## **SUBSTANTIAL ASSISTANCE TO AUTHORITIES**

We have no idea at this time whether the Government will file a Section 5K1.1 motion to depart from the guidelines. Such a motion is not as important in this case because there is no mandatory minimum involved and the Court has a great deal of latitude as a result of *Booker*. The Plea Agreement between Mr. Dicugno and the Government does not address the issue. However, we are confident that the Government at the very least will verify the extent of Mr. Dicugno's cooperation and substantial assistance.

It is clear to us that the defendant "has provided substantial assistance in the investigation or prosecution" of others who have committed crimes and that a departure for that reason or under the doctrine of "super acceptance of responsibility" is most appropriate.

The two most dramatic aspects of Mr. Dicugno's assistance are (1) his testimony at the trial of Mark Ashmore, and (2) information he provided which led to exposure of massive fraud occurring at Pierce Commercial Bank. Though we believe that both of the other co-defendants in this case also testified in the Ashmore trial, neither were in a position to provide information regarding fraud at Pierce Commercial Bank. As to Mr. Dicugno's testimony, this occurred before Your Honor so that you are in a very good position to evaluate the significance and

LAW OFFICES OF  
**STEWART P. RILEY**  
800 FIFTH AVENUE • SUITE 4000  
SEATTLE, WASHINGTON 98104  
T (206) 622-0925 • F (206) 292-9736

1 usefulness of his assistance and the truthfulness, completeness, and reliability of his testimony.  
 2 See Section 5K1.1(a)(1) and (2). A swift verdict of guilty was reached by the Jury in that case.

3 With respect to Mr. Dicugno's provision of information that led to the exposure of  
 4 massive fraud at Pierce Commercial Bank, this began in January of 2008, almost three years  
 5 ago. It began at a time when the world was oblivious to the massive fraud that was occurring  
 6 throughout the banking industry—fraud that brought down Washington Mutual and tarnished  
 7 the reputation or brought down other major financial institutions including Wachovia,  
 8 Countrywide, IndyMac, etc. Pierce Commercial Bank was also a victim of its own excesses.  
 9 That is to say, the provision of this information was very timely in spite of the fact that it has  
 10 taken so long to investigate and charge those above Mr. Dicugno at Pierce Commercial Bank—  
 11 those that set the tone for approximately twenty loan officers. That tone was to make the loan  
 12 at all costs and here is how you do it.

13 The problem that we are facing at this point is that the result of Mr. Dicugno's  
 14 assistance to the Government with respect to his superiors at Pierce Commercial Bank will not  
 15 be totally known for a number of months. It is anticipated that an indictment will be issued out  
 16 of this court in Tacoma as early as the end of this year. It is anticipated that three or more  
 17 defendants will be charged, including the subject of the aforementioned Complaint for  
 18 Forfeiture In Rem of \$102,000 in cash. This Court has indicated its preference that Mr.  
 19 Dicugno's sentencing, scheduled for December 2, 2010, not be continued and that a Rule 35  
 20 motion could be made at a later time. However, a Rule 35 motion can only be filed by the  
 21 Government. There is no assurance that the Government would file such a motion. It is not  
 22 part of the Plea Agreement. Even if the Government was inclined to file such a motion, such a

LAW OFFICES OF  
**STEWART P. RILEY**  
 800 FIFTH AVENUE • SUITE 4000  
 SEATTLE, WASHINGTON 98104  
 T (206) 622-0925 • F (206) 292-9736

1 motion might not become fully ready for filing until it is too late to help Mr. Dicugno in any  
2 significant degree.

3 So it is our hope that the Court will look into the future and assume that Mr. Dicugno  
4 will continue to cooperate with Assistant United States Attorney Werner in Tacoma and testify  
5 completely and truthfully if necessary. The best way to judge the future is by the past. Judging  
6 by Mr. Dicugno's past testimony in the Ashmore case, it is reasonable to assume that his  
7 further cooperation in the case against others involved with Pierce Commercial Bank would be  
8 complete and truthful. Of course, it is possible that those charged may end up pleading guilty,  
9 in part because of Mr. Dicugno's substantial cooperation to date. This Court could add a  
10 condition to Mr. Dicugno's sentence requiring his continued cooperation if the Court feels that  
11 would be appropriate.

12 Our above comments have support in the "Background" section of Section 5K1.1  
13 which states as follows:

14 Background: A defendant's assistance to authorities in the  
15 investigation of criminal activities has been recognized in practice  
16 and by statute as a mitigating sentencing factor. The nature, extent,  
17 and significance of assistance can involve a broad spectrum of  
conduct that must be evaluated by the court on an individual basis.  
Latitude is, therefore, afforded the sentencing judge to reduce a  
sentence based upon variable relevant factors, including those  
listed above...

18  
19 VI

20 **CULTURE AT PC BANK HOME LOANS**

21 To give the Court some idea of the culture at PC Bank Home Loans, we turn to the  
22 many local investigative reports regarding the collapse of Washington Mutual here in Seattle as

1 an example of the pervasive fraud that was going on in the industry. On April 13, 2010 the  
 2 Seattle Times reported that at one office, "58 percent of loans examined in an internal review  
 3 were fraudulent; at another it was 83 percent." Former longtime, Washington Mutual CFO  
 4 Mark Longbrake was quoted in the November 4, 2008 Seattle Times as follows:

5 The whole market accepted "stated income," and there were quips  
 6 about those being liars' loans, but everyone did it. Nobody was  
 7 paying attention. WaMu's great sin was following the herd and  
 8 doing what the rest of the market was doing.

9 The December 28, 2008 issue of the Seattle Times quoted Steven Knobel, a founder of  
 10 an appraisal company that did business with Washington Mutual until 2007, as follows:

11 It was the Wild West. If you were alive, they would give you a  
 12 loan. Actually, I think if you were dead, they would still give you  
 13 a loan.

14 By 2005, the word was out that Washington Mutual would accept applications with a  
 15 mere statement of the borrower's income and assets—often with no documentation—so long as  
 16 credit scores were adequate, according to underwriters. It was all about saying yes. To our  
 17 knowledge, no one locally with Washington Mutual has been charged with illegal activities  
 18 relating to widespread mortgage fraud at that institution. Like Washington Mutual, fraud at PC  
 19 Bank Home Loans had become a way of life before Mr. Dicugno began his employment there.  
 20 When Mr. Dicugno went to work as a loan officer at PC Bank Home Loans, he did so at the  
 21 behest of the Senior Vice President referred to above who is currently under investigation. The  
 22 Senior Vice President knew Mr. Dicugno from college days. Mr. Dicugno had no experience  
 in the financial industry. He had graduated from Pacific Lutheran University with a Bachelor  
 of Science degree. Prior to going to work at PC Bank Home Loans he had been a middle

LAW OFFICES OF  
**STEWART P. RILEY**  
 800 FIFTH AVENUE • SUITE 4000  
 SEATTLE, WASHINGTON 98104  
 T (206) 622-0925 • F (206) 292-9736

1 school and high school teacher and coach. He was naïve. A real estate frenzy was underway in  
 2 Western Washington as well as most of the United States. When he questioned ways to get a  
 3 loan processed, his superiors told him how to proceed. He should have known better. Clearly  
 4 he is intelligent enough to have known better. To his credit, he eventually voluntarily decided  
 5 to leave the bank. Unfortunately, he has become somewhat of a scapegoat for all the other loan  
 6 officers at PC Bank Home Loans, who also followed the direction of their superiors.

7 **VII**

8 **WITHDRAWAL FROM CONSPIRACY**

9 In mid-December 2007, Mr. Dicugno submitted a letter of resignation to his three  
 10 superiors. They were all, including Mr. Dicugno, aware that the bank had apparently been  
 11 served with a grand jury subpoena relating to the Ashmore investigation. His superiors wanted  
 12 him to stay and be part of their team. Chris was advised that he would be protected and that  
 13 Pierce would stand behind him and pay for an attorney to represent him in the investigation,  
 14 which they all believed was in process because of the subpoena. Mr. Dicugno, however, had  
 15 had enough. He did not want to continue the course of misrepresentation in which he had been  
 16 involved. He wanted no part of a cover-up. He had nowhere to go, but was through  
 17 compromising his values. He stopped doing business with Ashmore. He turned down his  
 18 superiors' entreaties and, when he was contacted by the authorities in late January 2008, he  
 19 hired a civil lawyer to represent him and paid for that representation out of his own pocket.

20 Though Mr. Dicugno was aware of an apparent grand jury subpoena issued to the bank,  
 21 he deserves some credit for getting out earlier than the others. We believe that he was the first  
 22 of those charged in the Ashmore indictment to get out. We believe that the other three did not

cease their illegal activities until contacted by the authorities. The indictment in this case refers to the conspiracy extending through January 12, 2008, approximately a month after Mr. Dicugno resigned. In addition, he left his position at the bank long before any of his three superiors at the bank.

Withdrawing from a conspiracy is a circumstance that distinguishes Mr. Dicugno's conduct not only from all of his co-defendants, but from the vast majority of all defendants convicted in Federal Court. See *Gall v. United States*, 128 S. Ct. 586, 552 U.S. 38 (2007) at 18. The United States Supreme Court in *Gall* approved of the District Court's treatment of Mr. Gall differently from other conspirators who did not voluntarily withdraw from the conspiracy. The Court stated that the voluntary withdrawal by Gall "lends strong support to the District Court's conclusion that Gall is not going to return to criminal behavior and is not a danger to society. See 18 USC § 3553(a)(2)(B), (C)." Clearly Mr. Dicugno's withdrawal from the conspiracy in this case as in *Gall* is an indication that Mr. Dicugno is unlikely to return to criminal behavior and is not a danger to society. That is also buttressed by the fact that Mr. Dicugno has lived a sterling life since his withdrawal from the conspiracy in December 2007, a period of three years.

VIII

## CONCLUSION

We have attached six letters (one from Mr. Dicugno—Exhibit 2) which should give the Court some idea that Mr. Dicugno has rehabilitated himself since the dreary day in December 2007 when he recognized the depth to which he had fallen. He is currently a stay-at-home dad caring for three children (ages 4, 5, and 7) while his wife brings home the bacon. He is anxious

DEFENDANT DICUGNO'S PRESENTENCE  
MEMORANDUM  
PAGE 13

LAW OFFICES OF  
**STEWART P. RILEY**  
800 FIFTH AVENUE • SUITE 4000  
SEATTLE, WASHINGTON 98104  
T (206) 622-0925 • F (206) 292-9736

1 to get back to the work-a-day world. He has no prior convictions. There would be no further  
2 deterrent effect to incarcerating him at this point. His moral compass has already been  
3 readjusted.

4 Mr. Dicugno is intelligent, personable, and ambitious—just the type of individual who  
5 could have a dramatic impact on his community through community service geared toward his  
6 experience in coaching, teaching, and working within his own church. Requiring him to  
7 engage in community service would be a constant reminder to him of his transgression, which  
8 from all indications was totally aberrant.

9 In short, we believe that our recommendation provides a perfect solution to Mr.  
10 Dicugno's long journey—a sentence sufficient, but not greater than necessary to carry out the  
11 purposes of sentencing.

12 DATED this 19th day of November, 2010.

13 Respectfully submitted:

14 /s/ Stewart P. Riley

15 Stewart P. Riley WSBA#3779  
16 Attorney for Christopher Dicugno  
17 800 Fifth Avenue, Suite 4000  
18 Seattle, Washington 98104  
19 Phone (206) 622-0925  
20 Fax (206) 292-9736  
21 Email [stewriley@yahoo.com](mailto:stewriley@yahoo.com)

After Recording Return To:  
 Post Sale Dept.  
 Northwest Trustee Services, Inc.  
 P.O. Box 997  
 Bellevue, WA 98009-0997



**20071130002841**

FIRST AMERICAN TD  
 PAGE001 OF 002  
 11/30/2007 16:02  
 KING COUNTY, WA

41.00

File No.: 7523.20352/Styer, Suzan V.  
 1009184530

3373514

JST AM ②/41

**Trustee's Deed**

The GRANTOR, Northwest Trustee Services, Inc., as present Trustee under that Deed of Trust (defined below), in consideration of the premises and payment recited below, hereby grants and conveys, without representation or warranty, expressed or implied, to Deutsche Bank National Trust Company as Trustee under the Pooling and Servicing Agreement Series INDX 2007-AR5, as GRANTEE, all real property (the Property), situated in the County of King, State of Washington, described as follows:

Tax Parcel No.: 012605-9268-02

Lot(s) 2 of King County Short Plat No. 884026 recorded under Recording No. 8602180804, Records of King County, Washington. Situate in the County of King, State of Washington.

**RECITALS:**

1. This conveyance is made pursuant to the powers, including the power of sale, conferred upon the Grantee by that certain Deed of Trust between Suzan V. Styer, an unmarried woman, as Grantor, to Old Republic Title, Ltd., as Trustee, and Mortgage Electronic Registration Systems, Inc. solely as nominee for Lender and Lender's successors and assigns, Beneficiary, dated 01/05/07, recorded 01/12/07, under Auditor's/Recorder's No. 20070112001782, records of King County, Washington and subsequently assigned to Deutsche Bank National Trust Company as Trustee under the Pooling and Servicing Agreement Series INDX 2007-AR5 under King County Auditor's/Recorder's No. 20070817002262.

2. The Deed of Trust was executed to secure, together with other undertakings, the payment of one or more promissory note(s) ("Note") in the sum of \$520,000.00 with interest thereon, according to the terms thereof, in favor of Mortgage Electronic Registration Systems, Inc. solely as nominee for Lender and Lender's successors and assigns and to secure any other sums of money which might become due and payable under the terms of said Deed of Trust.

3. The Deed of Trust provided that the Property is not used principally for agricultural or farming purposes and the Grantor has no actual knowledge that the Property is used principally for agricultural or farming purposes.

4. Default having occurred in the obligations secured and/or covenants of the Deed of Trust grantor, as set forth in Notice of Trustee's Sale described below, which by the terms of the Deed of Trust make operative the power to sell, the thirty-day advance Notice of Default was transmitted to the Deed of Trust grantor, or his successor in interest, and a copy of said Notice was posted or served in accordance with law.

5. Deutsche Bank National Trust Company as Trustee under the Pooling and Servicing Agreement Series INDX 2007-AR5, being then the holder or the nominee of the indebtedness secured by the Deed of Trust, delivered to said Grantor a written request directing Grantor to sell the Property in accordance with law and the terms of the Deed of Trust.

**E2322822**

11/30/2007 16:01  
 KING COUNTY, WA  
 TAX  
 SALE

\$10.00  
 \$0.00

PAGE001 OF 001

**EXHIBIT**

6. The defaults specified in the "Notice of Default" not having been cured, the Grantor, in compliance with the terms of the Deed of Trust, executed and on 08/22/07, recorded in the office of the Auditor of King County, Washington, a "Notice of Trustee's Sale" of the Property under Auditor's File No. 20070822001070.

7. The Grantor, in the "Notice of Trustee's Sale", fixed the place of sale as outside adjacent to the south entrance to 3535 Factoria Blvd SE, City of Bellevue, State of Washington a public place, at 10:00 o'clock a.m., and in accordance with the law caused copies of the statutory "Notice of Trustee's Sale" to be transmitted by mail to all persons entitled thereto and either posted or served prior to 90 days before the sale; further, the Grantor caused a copy of said "Notice of Trustee's Sale" to be published in a legal newspaper in each county in which the property or any part thereof is situated; once between the thirty-fifth and twenty-eighth day before the date of sale, and once between the fourteenth and the seventh day before the date of sale; and further, included with the Notice, which was transmitted to or served upon the Deed of Trust grantor or his successor in interest, a "Notice of Foreclosure" in substantially the statutory form, to which copies of the Note and Deed of Trust were attached.

8. During foreclosure, no action by the Beneficiary, its successors or assigns was pending on an obligation secured by the Deed of Trust.

9. All legal requirements and all provisions of said Deed of Trust have been complied with, as to acts to be performed and notices to be given, as provided in chapter 61.24 RCW.

10. The defaults specified in the "Notice of Trustee's Sale" not having been cured ten days prior to the date of Trustee's Sale and said obligation secured by said Deed of Trust remaining unpaid, on 11/26/07, the date of sale, which was not less than 190 days from the date of default in the obligation secured, the Grantor then and there sold the Property at public auction to said Grantee, the highest bidder therefore, for the sum of \$553,500.00 by the satisfaction in full of the obligation then secured by the Deed of Trust, together with all fees, costs and expenses as provided by statute.

This conveyance is made without representations or warranties of any kind, expressed or implied. By recording this Trustee's Deed, Grantee understands, acknowledges and agrees that the Property was purchased in the context of a foreclosure, that the trustee made no representations to Grantee concerning the Property and that the trustee owed no duty to make disclosures to Grantee concerning the Property, Grantee relying solely upon his/her/their/its own due diligence investigation before electing to bid for the Property.

DATED: November 28, 2007

GRANTOR  
Northwest Trustee Services, Inc.

By   
Assistant Vice President

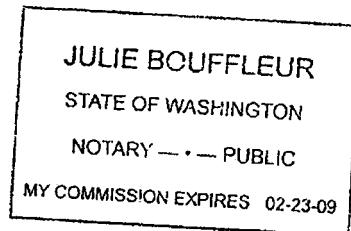
Northwest Trustee Services, Inc. is successor by merger to Northwest Trustee Services, PLLC (formerly known as Northwest Trustee Services, LLC)

STATE OF WASHINGTON

COUNTY OF KING

I certify that I know or have satisfactory evidence that Jeff Stenman is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged (he/she) as the Assistant Vice President of Northwest Trustee Services, Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 11/28/07



  
NOTARY PUBLIC in and for the State of  
Washington, residing at Seattle  
My commission expires: 02/23/2009

To the Honorable Judge Richard A. Jones,

Thank you for taking the time to read this letter. I am writing to you in regards to my upcoming sentencing on December 2, 2010. The intent of my writing to you is to express my deep regret, remorse and sorrow for my actions which I committed three and one half years ago. I truly appreciate the opportunity to tell you that I am sorry for all of the actions that I did and did not do that have led me to be before you now.

When I initially set out on the career path of originating loans I knew that I would be tempted by greed and success. I was correct; I was tested. Regrettably, I failed this test of my moral character. In my arrogance I thought I was influencing others, but I was the one who was influenced. In my ignorance I did not see how much I had changed myself.

I regret so many of the decisions that I made, I hardly know where to begin. I regret ever leaving my teaching and coaching job to run after wealth. I was a good teacher and coach and I was impactful in the lives of the students I taught. I should have been content with this career. I am faced with the stark reality that I will never be a public school teacher again.

I regret the decisions that led me to work where I did and how I allowed myself to be influenced by those I worked with there. I impulsively began working in the banking industry without proper training or education. I had a choice to do otherwise. I regret the lack of care, professionalism, wisdom and courage that I exhibited in my business dealings.

I regret the risks I took with my family's money when investing with Mark Ashmore. It was my greed that drove me to first invest with Mark Ashmore and it was my desperation and ignorance that caused me to become further involved with him. I regret that I went against my moral standards when my conscience was clearly telling me not to do so. I am deeply saddened by the hypocrisy of my actions.

I am also grieved by the fact that I was not more honest, clear thinking and cooperative with this investigation from the outset. I wish I had come to terms with my involvement and role sooner. It was in my naivety and confusion that I minimized my role. I desired to protect my former coworkers and myself, but I ultimately caused myself and my family further harm.

I too was deceived to think that my actions were normal and commonplace. I was in an environment where a different set of rules and standards seemed to apply. However, I humbly accept the fact that I chose to believe these standards. I believed what I wanted to believe and in so doing deceived myself.

My family and I are desperately trying to start over. Our attempt to do so began almost three years ago when I resigned from my position as the branch manager to which I was recently

EXHIBIT 2

assigned by my three superiors. I left a lucrative salary and promises of legal protection. I started to work at a couple of new places but I left rather than risk the possibility of bringing a bad light to the firm. I desired to be completely open and honest about the investigation with any future employer. This coupled with the fact that we needed a stable income drove my wife and I to decide to have her work full time and that I would stay at home and be the primary caregiver for our three children. My time with them has been precious and healing and I am grateful for it. I have been able to see our oldest daughter Claire (age 7) excel in school and teach both our son Levi (age 4) and our daughter Anna (age 5) how to read.

In addition to my wife working, we set out to sell all that we could to compensate for our reduced income, legal fees and financial losses to Mark Ashmore. Over the last three years we have sold our personal home and three of our rental properties. Three of these properties had negative equity. Therefore we cashed in what was left of our retirement account and refinanced our cars to pay off the underlying liens at closing.

On a regular basis my wife works extra shifts and I do handyman work for extra income. We still own three rental properties all of which have negative equity. Additionally, the rent does not cover the monthly mortgage payments. So every month we pay out of pocket to keep our loans current. Compounding this loss has been the fact that my business partner has not been able to keep up with his payments to the company which holds the titles to these three properties.

Many have recommended that we short-sell or let the properties be foreclosed on by the banks. This is not our desire. We want to keep them (even though they are completely upside down) and make an attempt to pay the loans back. I do not judge anyone who has let their properties go or have short-sold them; however we want to avoid this if at all possible.

In an effort to restore my relationship with my community I have been volunteering at my church on a consistent basis. We have served the homeless community and have volunteered for miscellaneous jobs to assist the elderly in our congregation. I was also privileged to serve on a mission trip to Mexico two years ago. I hesitate to share these activities as they may seem an attempt to put forth an image or appearance of myself that is drastically different than my heart. But I feel it is worth the time and effort to explain the step that I have already taken that will help lead me to be the man who I truly want to become. I pray that you would trust me and my letters of character on this.

I have been willing, available and eager to meet with law enforcement in regard to giving testimony or providing any information I may have. Obviously my efforts are not altogether

altruistic. But I desire to be truthful and honest, helpful and cooperative, and will do so even if it does nothing to help my own situation. Of course I would like it to bode well for me and my family. But I believe by faith that my honesty will be rewarded in and of itself.

My family and I have lived with this uncertainty, shame and sadness for three and one half years. It has been a dreadful cloud over our lives. We are eager to start this new chapter with full knowledge that there will be much more pain involved. I hope that this letter does not communicate a desire on my part to explain my actions and be excused as I believe there is ultimately no excuse for the immoral decisions we make. However I am asking for forgiveness and mercy. I beg for mercy not simply for me alone, but for my wife and my small children. We want to make things right, as much as we can, and we have a great community of friends and family who are willing to help us. We want to pay back the loans we still owe and to pay back whatever restitution the court decides. And we want to do so in a timely manner. We are willing to work in doing so.

Thank you for taking time to read this letter.

Sincerely,



Chris DiCugno

September 9, 2010

To Whom it May Concern:

The following is a letter of reference for Chris Dicugno.

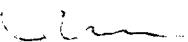
I first met Chris in 1998. We were colleagues in a youth organization together and saw each other frequently at meetings and training sessions. I always looked forward to his company and appreciated his rugged determinism and honesty to seek the truth of the matter in all things. Chris and I have grown particularly close over the past three years as I have had the honor of serving as his pastor as well as being a close friend of his. I consider Chris to be one of my closest friends because he is one of the few people that I know that are willing to have a conversation based on honesty and substance.

One of the most striking character traits about Chris is his commitment to act in full integrity and disclosure. He is willing to confront life squarely without giving in to fear. Chris is a 'by the book' sort of guy. He routinely invites my constructive critique and assessment of his decisions and plans. Chris wears his conscience on his sleeve and he takes responsibility for his actions. He weighs all the facts and assesses situations and opportunities from all angles to ensure that things are legitimate and upstanding. When I have seen Chris make a mistake, he does not hide it; but rather confesses it openly and visibly learns from it.

I have watched Chris honestly confront and wrestle with the charges that have been brought before him. I can say without a shadow of a doubt that these charges are extremely out of character for him. I have routinely seen him reject selfish gain in favor of a life of integrity. He has replayed the events numerous times with me; searching for signs that he might have missed that would have indicated the danger he was walking into. I have never known Chris to act against his conscience. Any illegal activity would be completely out of character for him.

It has been incredible watching Chris as a stay-at-home dad these past three years. He is a faithful and devoted husband to his wife, Sarah. His children are his pride and joy and the three of them adore their father immensely. In addition to serving his family, I have heard Chris on numerous occasions express his growing desire to be more active in serving his community. In short, Chris does not live for himself. His delight is in loving and serving his family and pursuing the Lord's call in his life to minister to those around him.

Sincerely,

  
Jeremy McKim  
Pastor, The Cross  
[www.westseattlecross.com](http://www.westseattlecross.com)  
8614 32<sup>nd</sup> Ave SW  
Seattle, WA 98126  
425.766.1477  
[jeremy@westseattlecross.com](mailto:jeremy@westseattlecross.com)

EXHIBIT

3



# REALITY SPORTS

September 8, 2010

To Whom It May Concern,

It is my pleasure to write in reference to the character of Chris DiCugno. I have known Chris for 24 years as a teammate, friend, and co-worker. You will not find a more hard-working, disciplined, kind, and dedicated person than Chris.

Chris and I competed on the same wrestling team in junior high, high school, and college. I have uniquely observed and walked with Chris in the midst of highs, lows, victory, defeat, joys, and pains. Chris was always an inspiration to his teammates, both verbally and in action, despite the circumstances. A sense of humor mixed with phenomenal work ethic made the rigors of athletics enjoyable and successful not only for himself but his teammates as well.

As a friend I have been able to witness Chris as a father and husband. It is obvious his three children both love being with him and respect him as an authority figure. He is gentle, self-controlled, and temperate. Additionally, Chris is a servant to his wife and is an example of how a man should treat a woman with respect and honor.

Furthermore, it was a pleasure to have coached on the same staff with Chris for a number of years. Chris has a gift to teach, gain respect from athletes, and inspire people to excellence. Many young men benefited from Chris's integrity in the mentoring and coaching relationship that he had with them.

The behavior of Chris DiCugno that brings him before the court does not match the record of his life in school, work, family, or friendships. His character and leadership throughout all areas of his life show him to be a productive citizen that betters those people with whom he comes in contact.

Please strongly consider the positive character traits of Chris DiCugno throughout this litigation. If you have any questions, please do not hesitate to contact me.

Sincerely,



Brian Peterson  
Executive Director  
253-569-4149  
bpeterson@realitätsports.org

September 7, 2010

RE: Chris Dicugno  
From: Paul Johnson  
8318 230th Ave Ct E  
Buckley, WA 98321  
(253) 261-6894

To Whom It May Concern,

I have known Chris for two solid years. I am proud to say that I consider Chris a close friend of mine. I don't believe it's the length of time you know a person, but rather the difference they make in the amount of time you know them. Chris has impacted my life without even being aware of it. Me and Chris met through a church program our church puts on called Freezing Nights. Freezing Nights is intended to bring the homeless off the streets for the night, when the weather reaches a freezing temperature. We provide them a meal, a warm bed and essentials as needed. The program is a great idea, however it was difficult to find men that were willing to sacrifice their Monday nights and come and serve the homeless. We had numerous volunteers to serve meals, or provide items as needed, but rarely would anyone sleep over. Chris gladly stepped up for the position without complaint. These men and women truly lived on the streets. No showers, no hygiene, and at times the smell is unbearable. Not many can look past that and see the person behind the alcohol and dirt. From the day I met Chris, he has always approached the homeless with kindness and respect. He has never been anything less than a friend to them. I have seen them confide in him as he shared his stories with them and gave them a reason to continue on.

I had no idea what difficulties Chris was facing in his personal life. He never let it affect his compassion towards our friends. His faith is strong and hard and he shines through to others and gives them hope. As the economy turned, I found myself in a very difficult position with losing my job, selling my home for less than what I owed and really struggling on a day to day basis. I always looked forward to seeing Chris on Monday nights because I knew talking to him would ease my mind. He has made my faith stronger, and helped me to grow as a man. It wasn't until Chris thought he was in jeopardy of losing his position with Freezing Nights that he told me the details of his life. I have to say I was stunned, but I also know that a man with his heart and intentions would not deliberately harm anyone. He confided in me the shame he lives with every day and how he would gladly give up any material items to be able to stay with his family. Regardless of what the courts decision is, Chris will never forgive himself for what has happened. It will be with him for the rest of his life.

My wife is a Realtor and we have discussed the entire ordeal. I know it doesn't make it right, but seeing how the market was going and as quickly as it was moving along, it was very difficult not to get caught up in it on some level. Laws were broke and lives were hurt, this is a fact. However, I believe everyone deserves one second chance. While I think every action has a consequence I think it would be harmful for Chris to serve jail time. He has so much to offer our community and he would be truly missed. He is an integral part of our church, and our lives. He is a man that will do anything for his family, and he loves his children with all his heart. Not only would Chris be being punished, but so would his children, his wife and our entire community. Chris has been living a honest, loving life the past few years I have known him.

As a police officer, I see so many people out there that are in need of jail time and get away with a slap on the wrist. I also see over crowded jails and too much money spent on inmates. It would not serve any purpose to put Chris in jail. His lesson has been learned, and it is my prayer that there is another solution to his situation. It would be very difficult for me to run freezing Nights without Chris this year and he would be greatly missed by the homeless that have come to count on him for comfort.

As I close this letter, I ask that you please consider who Chris is now, more than what Chris has done in the past. As I stated before, he is a very valuable team player in our Freezing Nights program and I would hate to lose him. He is also the stay at home Dad that cares for his family greatly. It would put a great hardship on his family for him to be taken away. I can't express how much respect I have for Chris for pulling his life together and trying to push forward.

Sincerely,

A handwritten signature in black ink, appearing to read "PBJ".

Paul B. Johnson

September 26, 2010

To Whom It May Concern:

I am writing this letter on behalf of Chris Dicugno, a defendant in a criminal lawsuit. I have known Chris for 10 years. He is the husband of one of my close co-workers. I am a Pediatrician and the Medical Director of a large private medical office in Pierce County. His wife is a Nurse Practitioner in our office. During this last decade I have come to know Chris well and was completely surprised to learn of the allegations and lawsuit against him.

Chris Dicugno is one of the kindest, most honest and sincere people that I know. When I met Chris he was a teacher and a wrestling coach. Eventually, he felt called to try something else and was encouraged to go into the mortgage business. Being new to the business he was quickly taken under the wing of his superiors and taught the business by those whom we now know to have engaged in illegal activities and methods. Chris is extremely hard-working and dedicated to whatever he does.

We all know people in our lives that are there to make a difference and to try and make the world a better place. I truly believe that Chris is one of those people. He gives of himself freely to those he calls friends and those in need. He is a good Christian and lives by these beliefs. I have many friends and acquaintances, but there are not many who possess the moral character and virtue that Chris does.

He is a wonderful father to his three children. My profession certainly exposes me to all types of parents and styles of child rearing. I see some of the best and worst in people and how they raise their children and guide their families. Chris has spent the last several years as a stay at home dad caring for his children and the household. This job is one of the hardest jobs in the world, and one that I myself fear I would be inadequate at. Yet Chris has flourished in this role and continues to raise one of the most grounded, caring and cohesive families that I know.

While I certainly do not know the details and extent of the allegations against Chris, I am quite certain that much of the wrongdoing was perpetrated by those in authority over him and those who taught him what he was to do. I know how hard this has been for Chris to see how his faith can be tested, his life put on hold and how he played a part in this case. I am certain that Chris did not willingly and knowingly commit any illegal activity, but unfortunately was part of a scheme created by those who did.

Chris has been open, honest and forthright in helping with this investigation and providing any information that he has to help bring those at fault to justice. I hope that you take these things into consideration when deciding the fate of this man and his family. Chris is not a man who deserves to be put in jail for something like this. He has accepted his part in this and should be allowed to continue being a responsible and productive member of society. I believe in the goodness and integrity of Chris and would trust him to care for my own family.

**EXHIBIT** 6

I look forward to the end of this case and hope that this information will guide you to understand the true nature of Chris Dicugno. I pray that justice will be served to those responsible for crimes in accordance with their true involvement and intent to commit such offences.

Thank you for your time and dedication to justice.

Sincerely,



Brian Schoos, MD

906 23<sup>rd</sup> Ave SW

Puyallup, WA 98371

Northwest Network Foundation

P.O. BOX 158 PUYALLUP, WASHINGTON 98371  
NORTHWEST NETWORK FOUNDATION IS A 501(C)3 NON PROFIT ORGANIZATION

September 28, 2010

To Whom it May Concern:

I consider it both an honor and a privilege to be asked to write this letter on behalf of Chris DiCugno. I have known Chris for over 15 years as a mentor and as a friend. I have observed him as a friend to many, a teacher to the young, and as a father and a husband.

As a friend he exhibits integrity, faithfulness, and consistency. He understands the value of relationships and the importance of community in the well being of his family and the overall balance it brings to the individual. Chris is someone who looks after the higher good in others and longs to follow what is true. He is someone who can be counted on no matter the situation.

As a teacher he sees the necessity to communicate truth in clear, concise ways that lead others to excellence. Whether in the classroom, boardroom, or in an athletic context, Chris takes seriously the things he models and the words he speaks. Chris knows that teachers, coaches, and businessmen wield great influence and, therefore, believes that his life examples can give hope to the one or destroy that same one's dreams. He has exemplified encouragement, strength of character, and selfless love through these afore mentioned roles.

As a father and husband Chris see no greater calling on his life than to love and serve his wife and to love and instruct his children with solid values that will be anchors in their lives. Chris is decisive, wise, and courageous in leading his family.

Fortunately, the unfortunate circumstances that have necessitated this letter are inconsistent with who Chris DiCugno is. Throughout my life experiences I have found that it is not our mistakes, failures, or unwise choices that define us, but rather how we respond to them. I could not be more proud to call Chris my friend then in this present moment as I have watched him respond to this situation. He has been honest and real and repentful and taken ownership. He has been responsible and resilient.

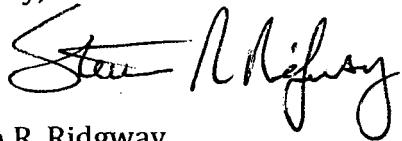
**EXHIBIT 7**

Northwest Network Foundation

P.O. BOX 158 PUYALLUP, WASHINGTON 98371  
NORTHWEST NETWORK FOUNDATION IS A 501(c)(3) NON PROFIT ORGANIZATION

I would ask that in this necessary process you would be mindful of all that Chris has contributed to so many and that he, ironically, has chosen to be a man of integrity in moving forward in this process.

Sincerely,



Steven R. Ridgway  
Executive Director; The Northwest Network Foundation  
253-435-1344  
riva51@comcast.net